



Social Security Choice

SOCIAL SECURITY THIS WEEK

A WEEKLY NEWSLETTER ON SOCIAL SECURITY REFORM

WEEK OF JANUARY 7, 2005

Cato Book on Social Security Awarded ALA's Top Accolade

The January issue of *Choice*, the monthly magazine of the American Library Association, has named Cato's *Social Security and Its Discontents* an "Outstanding Academic Title for 2005."

The *Choice* review calls the book "the best recent contribution to the extensive literature on the necessity of privatizing Social Security" and "an excellent reference and a serious read on one of the most important public finance issues for the 21st century."

Every year, *Choice* publishes a list of Outstanding Academic Titles. This prestigious list reflects the best in scholarly titles reviewed by *Choice* and brings with it the extraordinary recognition of the academic library community.

Social Security and Its Discontents was edited by Michael Tanner, director of the Cato Institute's Project on Social Security Choice. Contributors include Harvard University professor Martin Feldstein, Nobel laureate Milton Friedman, former Congressional Budget Office director June O'Neill, and former Chilean minister of labor José Piñera. The collection offers a detailed assessment of the current system, its unequal impact on women and minorities, and the prospects for reform.

For more than 20 years, the Cato Institute has led the effort to reform Social Security, and its plan is now among those being considered by the Bush administration and lawmakers.

For more information about *Social Security and Its Discontents* and the Cato Institute's Project on Social Security Choice, please visit www.socialsecurity.org.

Rumor Control: No Decision on Account Size

Several stories with varying degrees of accuracy have recently swept through Washington discussing the expected outlines of an administration plan to allow younger workers to privately invest a portion of their Social Security taxes through individual accounts. One report, by AP reporter Leigh Strope, suggested that the White House had decided that workers would be allowed to invest 4 percentage points of their payroll taxes up to a maximum of \$1,300, an account size similar to a proposal by Senator Lindsey Graham (R-SC). However, White House officials, both publicly and privately, insist that the story is incorrect, and that no decision has been made on the size of individual accounts.

Another news story reported that the White House might be slowing its drive for Social Security reform, possibly even delaying the issue until after Congress has taken up fundamental tax reform, another administration priority. Again, administration officials denied the story's accuracy. In addition, the White House gave no sign that its campaign for Social Security reform was slackening, with several events planned in the next few weeks.

A third rumor may have somewhat more substance, with several media outlets reporting that the administration was leaning toward endorsing a change in the Social Security benefit formula from wage-indexing to price-indexing. While the White House again insisted that no final decisions have been made, there is good reason to believe that such a change is actively being considered. Indeed, the White House sent a memo to conservative opponents of price-indexing, warning that it would be irresponsible for Social Security reform not to make attempts to control rising benefit costs.

With the administration unlikely to spell out a detailed Social Security plan until at least next month, more rumors and trial balloons can be expected in coming weeks. In general, those involved in the Social Security debate should remain skeptical.

CBO: Diamond-Orszag Plan Would Shrink U.S. Economy

A new report released by the Congressional Budget Office finds that a Social Security reform plan often touted by opponents of individual accounts would lead to large, permanent tax increases and benefit cuts for future seniors, and would also significantly shrink U.S. economic growth. The study examines a proposal put forth by Peter Diamond of MIT and Peter Orszag of the Brookings Institution, which would increase the Social Security payroll tax rate from 12.4 percent today to 15 percent in 2075, as well as increasing the amount of earnings subject to the tax by 28 percent. Benefits would be reduced for retirees first eligible for benefits in 2012 and later, and total benefit outlays would shrink as a percentage of GDP, starting in 2040.

The CBO report, "Long-Term Analysis of the Diamond-Orszag Social Security Plan," notes that besides the tax increases and benefit cuts featured prominently in the plan, the proposal would reduce participation in the labor market and accumulation of private

savings, reducing GDP by 0.7 to 0.8 percent by 2025. The entire report can be found [here](#).

WSJ: AARP's False Campaign against Reform

The AARP launched its campaign against individual accounts this week with a series of newspaper ads comparing allowing younger workers to privately invest a portion of their Social Security taxes to slot machine gambling. The powerful seniors' lobby expects the multimillion dollar campaign to be just the first shot in its efforts to defeat Social Security reform. Responding to AARP's efforts, the *Wall Street Journal* offered this perspective:

"So here we are back to scaring grandma, never mind the facts. The AARP leadership knows that no Social Security reform would have any effect at all on current members of the 50-plus set they claim to represent; the personal accounts would be voluntary and for younger workers only. They also know that there isn't a serious Social Security reform plan anywhere that wouldn't guarantee some minimum level of benefit, or that would allow people to 'gamble' their retirement savings in anything other than diversified mutual funds.

"...the truth is that AARP might be able to ignore, but it can't repeal, the laws of demographics. And there is simply no way the current pay-as-you-go retirement system, with two workers supporting each retiree in 2030, is not going to require a crushing tax burden compared with a system that had 16 workers per retiree in 1950 and 3.3 today.

"Particularly dishonest is AARP's readiness to peddle the fiction that there is actually a 'trust fund' accumulating assets to pay benefits once Social Security payments exceed payroll tax revenues around 2018. Mr. Novelli knows these 'surpluses' have already been spent on other things and been converted to IOUs that will have to be financed by taxes on future workers, unless of course those liabilities are repudiated by future politicians.

"...taken together the nation's retirement programs are already in deficit right now. As the nearby chart shows, in 2004 the shortfall of the Medicare payroll tax was sufficient to wipe out the Social Security 'surplus,' forcing the federal government to divert 3.6% of its personal and corporate income tax revenues.

"That figure is set to skyrocket once the baby boomers retire, reaching 52.7% of general purpose tax revenue as soon as 2030. You'd think this prospect would especially worry Democrats, who surely have programs besides Medicare and Social Security they'd like to fund. And by 2070, when today's toddlers retire, Medicare and Social Security would eat up not just their dedicated payroll taxes but ALL other government revenue as well.

"That's never going to be allowed to happen, of course. The real agenda of the 'no problem' crowd is to keep spending the Social Security 'surplus' on other things until 2018 and then simply raise taxes much higher. AARP rank-and-file members need to

understand that the leaders speaking on their behalf are now essentially endorsing much higher taxes or lower benefits, and probably both.

“Personal retirement accounts are in fact the least ‘risky’ alternative. Rather than rely on the whims of future politicians, they allow workers to build up assets that they themselves own as a property right. While individual stocks and the market itself rise and fall, over the last 60 years stocks have provided an average annual return reaching near 10%. As workers age, they would also have the option to shift assets out of riskier stocks to less risky bonds, just as millions of Americans now do with their 401(k)s.

“The older Americans we know aren’t selfish, and certainly they don’t want to burden their grandchildren by insisting that our runaway entitlement programs must never change. Yet AARP is behaving in a way that portrays anyone over 50 as greedily insisting that only their own benefits matter. It’s a shame to see AARP leaders putting their own welcome back to the liberal Democratic plantation above serving their constituents and the future of the country.”

Luskin: Krugman Wrong about Chilean Social Security Reform

Paul Krugman, liberal economist and op-ed writer for the *New York Times*, has been one of the most outspoken critics of individual accounts. One of his recent columns attacked the Chilean model for Social Security reform. However in a recent *National Review Online* [piece](#), investment advisor Donald Luskin responds that Krugman badly misstates the evidence, asking:

“If the liberal establishment is so sure that reforming Social Security with personal accounts is such a terrible idea, then why do they have to lie about it?”

“Consider Paul Krugman’s latest [New York Times column](#). It’s designed to scare his readers into believing that ‘privatization,’ as he calls it, ‘dissipates a large fraction of workers’ contributions on fees to investment companies’ and ‘leaves many retirees in poverty.’ To prove this, he offers a smorgasbord of deceptions, errors, distortions, and misquotations about the way reform with personal accounts has failed—or so he claims—in other countries.

“Krugman’s primary target is Chile—which became in 1981 the first country to reform its national pension system with personal accounts. Krugman says,

More than 99 percent of Social Security’s revenues go toward benefits, and less than 1 percent for overhead. In Chile’s system, management fees are around 20 times as high.

“First, Krugman is in error to call the charges ‘management fees.’ About a third of the fees are not management fees at all, but rather premiums for life and disability insurance coverage that are an integral benefit of Chile’s system.

“Second, fees should be seen in terms of assets under management—not as a fraction of revenues. According to Chilean economist Salvador Valdes-Prieto, fees in Chile as a fraction of assets under management are about sixty-five one-hundredths of 1 percent—lower than the average mutual fund fee in the United States.

“Third, it’s laughable for a professional economist like Krugman to suggest that fees charged by the tiny, over-regulated Chilean financial services industry would in any way represent the best we can do in the United States. Here, large, highly developed, competitive, and relatively unregulated markets create enormous economies of scale.

“Most Social Security reform proposals advocate the use of ultra-low-cost index funds, of the type employed by the Thrift Savings Plan — the 401(k) plan for federal employees. Krugman, however, has a lie all ready to counter that reality. He says,

It’s true that costs will be low if investments are restricted to low-overhead index funds—that is, if government officials, not individuals, make the investment decisions ... And if there are rules restricting workers to low-expense investments, investment industry lobbyists will try to get those rules overturned.

“I know from personal experience that every word of this is a lie. I used to be an executive of Barclays Global Investors, the firm that has run all the index funds for the Thrift Savings Plan since the program was first started in the 1980s. First, I can tell you that no government officials made any investment decisions whatsoever. *My company* ran the funds—and every individual federal employee decided for himself or herself which of the funds to invest in.

“I can also assure you there was no lobbying to raise fees—we didn’t have time to lobby. Our contract came up for re-bid every 2 years, so we were kept plenty busy competing with other index-fund managers to offer the Thrift Savings Plan suicidally low management fees. In the last bidding cycle while I was still at Barclays, we beat our major competitor—State Street Global Advisors—by committing to manage an S&P 500 index fund for a fee of 4.5 one-thousandths of 1 percent per year. To put that in perspective, the Vanguard Index 500 fund, renowned for its low fees, charges 18 one-hundredths of 1 percent—which is *40 times more than we charged the federal government*.

“Here’s another Krugman lie about the record of reform in Chile. He says,

as a Federal Reserve study puts it, the Chilean government must ‘provide subsidies for workers failing to accumulate enough capital to provide a minimum pension.’ In other words, privatization would have condemned many retirees to dire poverty, and the government stepped back in to save them.

“Krugman makes it sound as though the Chilean system has failed, and the government had to bail it out. In fact, a safety net for the neediest workers was an intentional feature of Chile’s reform from day one. So nobody ‘stepped back in’—they were always ‘in.’ And the use of the safety net is actually minimal. According to [Senate testimony](#) by Jacobo Rodríguez of the International Center for Pension Reform,

As of March 2002, the government had supplemented 33,029 pensions, including 11,759 old-age pensions, out of over 400,000 pensions. ... the cost to the government of supplementing these pensions has been about \$33 million.

“In fact, the Chilean safety net only applies to workers with 20 or more years of participation in the system. Considering that the system is only 23 years old this year, there just aren’t that many workers who are even eligible. And considering that the reformed system provides adequate benefits to retired workers based on only a 4 percent real return from invested assets—and that the real return since inception has been about 10 percent—we’re not going to find a lot of ‘dire poverty.’

“So what about that ‘Federal Reserve study’? Turns out there’s no such thing. There’s only [a 2003 symposium paper](#) by Stephen Kay, a researcher at the Atlanta Fed, whom a source close to the situation described to me as ‘a young leftie economist who is an ideologue against private systems.’ Kay’s paper states right on the cover that ‘The ideas expressed in this paper are those of the author and do not necessarily reflect the views of the Federal Reserve Bank of Atlanta or the Federal Reserve System.’ It’s deceptive of Krugman to suggest that the paper has the imprimatur of the Federal Reserve System.

“And Krugman elided the first half of the sentence he quoted from the paper, which makes it clear that Kay is asserting only that government supplements have ‘elevated in part’ Chile’s long-term fiscal costs of reform.

“Turning to the other half of the globe, Krugman tries the same trick with the British equivalent of Social Security. He writes that Britain’s

Pensions Commission warns that those who think Mrs. Thatcher’s privatization solved the pension problem are living in a ‘fool’s paradise.’ A lot of additional government spending will be required to avoid the return of widespread poverty among the elderly—a problem that Britain, like the U.S., thought it had solved.

“This is a flat-out lie. The [report of Britain’s Pension Commission](#) ‘warns’ of nothing of the sort. The expression ‘fool’s paradise’ is in reference to ‘irrational equity markets and delayed appreciation of life expectancy increases’ that allowed many British *corporate* pension plans to ‘avoid necessary adjustments until the late 1990s.’ It has nothing to do with ‘Mrs. Thatcher’s privatization’—and it’s hardly a ‘warning,’ considering that it describes ‘necessary adjustments’ as having been made during the previous decade.

“So what is Krugman’s solution to rescuing Social Security—to keep government from having to ‘step back in’ like Chile’s supposedly did to cure ‘dire poverty’—and to truly solve a problem that Britain supposedly only ‘thought it had solved’? Raise taxes, of course. In [a Times column two weeks ago](#) Krugman recommended raising taxes by half a

percent of GDP, in order to shore up Social Security ‘into the 22nd century, with no change in benefits.’

“Krugman makes the tax increase sound small by expressing it as a percentage of GDP. But in language that working people can understand, his recommendation is the same thing as raising the Social Security taxes that workers pay by about 25 percent, according to [a June 2004 Congressional Budget Office report](#).

“And he never mentions that raising taxes is a fix that we’ve tried before, right here in the U. S. of A. That fix failed. Because the Social Security system is fundamentally insolvent over the long term, and gets worse every year, raising taxes only helps for a short time. Remember, the system was on the brink in the early 1980s, and we shored it up by raising taxes. Now it’s on the brink again—and if we shore it up by raising taxes, we’ll just be back on the brink again in another 20 years. Unless we raise taxes again, and again, and again.

“And that’s no ‘fool’s paradise.’ That’s hell on earth.”

Gallup: Americans Rate Social Security as High-Priority Item

A recent CNN/*USA Today*/Gallup poll found that 82 percent of Americans believe it is “very important” or “extremely important” for Congress and the president to deal with Social Security in the next year. Various polls have also placed support for partial privatization of Social Security at 50 to 60 percent, depending on how proposals were described to respondents. Younger workers are more enthusiastic about private account proposals than are older workers, and about 69 percent of all Americans believe that a proposal to allow private investment of Social Security taxes would either help them or have little effect on them personally. For more on the Gallup poll, including charts, click [here](#).

Wessel: Democrats Divided on Social Security Solution

Democrats—who are largely opposed to President Bush’s plans to partially privatize Social Security—generally fall into three camps on the issue, says David Wessel in a *Wall Street Journal* [column](#) (registration required). The first group says that there is no big Social Security problem, and that waiting a few years before considering tax raises or benefit cuts won’t harm the program. The second camp admits that there is a Social Security problem, but that modest tax increases—not private accounts—are the answer. The third group says that Social Security needs reform and Democrats shouldn’t be afraid of private accounts, perhaps in the form of a “universal 401(k),” with contributions made by low-income workers matched by the government. Wessel’s article follows.

“Most Democrats dislike President Bush’s still-vague proposal to allow workers to divert some Social Security payroll taxes to private investment accounts, make the Treasury borrow heavily to pay benefits to today’s retirees and water down benefits that current law provides for future retirees.

“The proposal does offer Democrats an easy target. The president’s private accounts aren’t really intended to fix Social Security. Rather, they are a way to advance his deeply held belief in the value of a more individualistic ‘ownership society.’ The president measures Social Security liabilities not over the actuaries’ usual 75-year horizon but over eternity—which generates a frightening \$10 trillion in unfunded promises. But when he measures the cost to the Treasury of his tax cuts, he prefers the five-year horizon. The president has, at least rhetorically, discovered fiscal rectitude, but bets the bond market will absorb hundreds of billions in new Treasury borrowing without pushing up interest rates.

“So what would Democrats do if they were in charge? They divide into three camps.

“The first says flatly: There is no big Social Security problem.

“As the left-leaning Economic Policy Institute puts it, ‘Social Security is not going broke anytime soon.’ It’s true that Social Security actuaries say that taxes earmarked for the program will more than cover promised benefits until 2018, that taxes plus interest on the trust fund’s Treasury bonds will cover promised benefits until 2028 and that the trust funds won’t run dry until 2042. Social Security isn’t on fire; another year of inaction won’t destroy it.

“But that hardly argues for deferring repairs. Waiting to slash benefits or raise taxes until the bulk of the baby-boom generation is collecting checks is imprudent and politically impossible. If you have termites, you don’t wait for the house to collapse.

“Others say Social Security actuaries are overly pessimistic. The actuaries actually make optimistic, pessimistic and ‘intermediate’ 75-year projections; the latter gets all the attention. It assumes that growth in productivity, or output per hour of work, will fall below recent encouraging trends and that immigration will abate. Tweak the assumptions, and projected Social Security revenue grows so much that it hardly needs a bandage. Any 75-year forecast is surely wrong, and productivity does appear to be on the rebound. But hoping for the best hardly seems prudent.

“The second camp says: There’s a problem, but the fix isn’t private accounts or radical surgery.

“With admirable precision (White House: take note) Peter Diamond of the Massachusetts Institute of Technology and Peter Orszag of the Brookings Institution show how. They’d rely heavily on raising taxes, both the payroll tax rate and income subject to tax, but also would reduce benefits for those born after 1949 to reflect lengthening life expectancy. Reflecting their political druthers, they’d take more from higher-income workers and give more to lower-income workers.

“Their numbers add up, and don’t hide the pain. They’d lift today’s 12.4% payroll tax, split between worker and employer, to 13.7% by 2045 and 15.2% by 2075. Don’t like that? They suggest reinstating the estate tax as an alternative. (Watch for Democrats to float that.) ‘The upside is that taxes would have to rise only relatively slowly,’ says Jeff Lemieux of centrists.org, a think tank. ‘The downside is that the tax increase would be permanent. But the authors are to be commended for their honesty. This is the first Social Security reform proposal that is fully ‘paid for.’”

“All this honesty has given the Diamond-Orszag plan few advocates in Congress. And, perhaps because the stock market has been so fickle, there’s not much talk about reviving former President Clinton’s plan to invest the Social Security trust fund in stocks. (Watch this: It’s sure to return.)

“The third camp says: There’s a problem, and Democrats needn’t be allergic to private accounts.

“‘By anathematizing privatization plans but not offering a progressive alternative, Democrats risk ceding the initiative entirely to the Republicans who have what purports to be a reform even if it’s flawed,’ says Will Marshall, president of the centrist Democrats’ centrist Progressive Policy Institute. After all, even Sweden has private accounts, though—unlike Mr. Bush’s—they’re mandatory.

“Mr. Marshall doesn’t have a fleshed-out proposal. Democrats of his persuasion are casting about for one. He would ‘retool’ Social Security so it encourages and helps Americans to save more and build wealth. Edward Gramlich, before he joined the Federal Reserve Board, crafted a plan to tack private accounts on top of existing Social Security. He got few takers. Gene Sperling, the former Clinton aide, talks up a ‘universal 401(k),’ a private savings account, perhaps structured so the government would match savings by low-income Americans, alongside Social Security.

“The president eventually will put forward some details about his proposal, if he really wants to get it down. Democrats are guaranteed to attack it. It’d be useful if they had an alternative to offer, as well.”

Conrad and Graham: Reform Requires Honesty, Transparency

Sen. Kent Conrad (D-ND) and Sen. Lindsey Graham (R-SC) argue in a joint [op-ed](#) that Republicans and Democrats must focus on their common ground when it comes to Social Security reform. Certain principles should guide any Social Security reform effort. The program must be preserved for the millions of seniors who rely on it and strengthened for the increasing number of workers who will soon retire. Borrowing to cover transition costs would place an unfair burden on future generations and should be avoided if possible. Finally, the costs of reform—and their impact on the budget and the economy—should be made transparent to lawmakers and Americans so that tough decisions can be made. Excerpts from the article follow.

“First, Social Security must be preserved. Since its inception in 1935, the program has provided a basic safety net for Americans. Millions of workers pay into the Social Security system with the expectation of receiving a benefit at retirement, as well as insurance for their family in the event of their death or disability. According to the Social Security Administration, two-thirds of today’s retirees rely on Social Security for more than half of their income. And nearly 50 percent of beneficiaries would be in poverty without Social Security.

“Second, it is also clear that Social Security must be strengthened. The demographic tidal wave of the baby-boom generation will mean we will soon have too many beneficiaries and too few workers to keep the system in balance. By 2018, for the first time, the program will begin to take in less in payroll taxes than it pays in benefits. And by 2042, it is estimated that Social Security will be able to provide only 73 percent of promised benefits. Doing nothing is not an option.

“Third, strengthening Social Security will require tough choices and, if done in a responsible manner, can greatly improve our nation’s fiscal outlook. Acting sooner will give us more time to adjust and allow for more gradual solutions to be adopted. But there are no easy answers. To address Social Security’s funding challenges, all options should be on the table for discussion. Under some reform plans, transition costs could reach several trillion dollars during the next 10 years. Borrowing all of those funds would pass on an unfair burden to future generations and could undermine the fiscal strength of the nation.

“Fourth, the costs of changing Social Security must be open and transparent. The American people need to be provided with an honest accounting of the costs of maintaining the current system and the costs of reform. If private accounts (either on top of or carved out of the existing program) are created, real dollars will be required now that will have a very real impact on a federal budget that is already deeply in deficit.

“Proposals to conceal the costs of reform by placing them ‘off budget’—ignoring or minimizing the real and upfront fiscal impact—should be rejected. If the corporate scandals have taught us anything, it is that hiding debt is a recipe for disaster.

“The public must be aware of the difficult trade-offs among benefit cuts, tax increases and additional borrowing that will be required regardless of how we strengthen the system. And they must be aware of the impact of these reforms on the federal budget, the economy and individual beneficiaries and taxpayers—in the short term and over the long term.”

Burns: Social Security Fails Four-Way Test of Fairness

Few people on either side of the Social Security debate recognize that Social Security fails a fundamental “four-way” test of fairness set forth by Herbert Taylor of Rotary International, says Scott Burns in a new [article](#). The test asks the following of programs,

projects, and business decisions: Is it the truth? Is it fair to all concerned? Will it build good will and better friendships? Will it be beneficial to all concerned? Social Security fails on all four accounts, explains Burns:

“We’re going to hear a lot about Social Security—probably a lot more than we want to hear. We’ll hear dozens of sophisticated arguments from major think tanks of the left and right. Some will argue to continue the largest and most important social program in our history unchanged. Others will argue that it needs a drastic overhaul.

“Few will begin, as Charles Ramsey does, with a fundamental idea, that Social Security fails a widely known ethical test: the Four-Way Test of fairness. It is a vital part of Rotary International, having been created in 1932 by Herbert J. Taylor. Taylor was also a business leader who wanted Rotarians to practice the highest possible ethical standards in their professional lives.

“The test is remarkably simple. We would do well if every business in America replaced overwrought ‘mission statements’ with these 32 words.

“Of the things we think, say or do:

- **1.** Is it the TRUTH?
- **2.** Is it FAIR to all concerned?
- **3.** Will it build GOOD WILL and BETTER FRIENDSHIPS?
- **4.** Will it be BENEFICIAL to all concerned?

Failing grade

“And what about [Social Security and] the Four-Way Test?

“No one thought it passed any part of it.’

“Here is how he posed the Four-Way Test:

“**On truth:** ‘How many of you feel that the federal government and our media have consistently and completely told us the truth about these programs, including their fiscal and generational imbalances?’

“**On fairness:** ‘How many think it is fair to vote for ever increasing benefits for people over 65 and leave the whopping bills for people who can’t even vote or have not even been born?’

‘How many think it is fair that many corporate executives are going to jail today for misstating their financials and our federal government is not being held to the same financial accounting standards that it requires of businesses?’

“**On good will and better friendships:** ‘How many of you still working feel a lot of good will knowing that 15.3 percent of your payroll is going to pay for Social Security retirement and Medicare benefits for Warren Buffett, Ross Perot and Boone Pickens, just to name a few?’

'How much good will do you think your children and grandchildren are going to feel toward you when their payroll taxes take off toward 20 percent so that you can enjoy these benefits?'

“On being beneficial for all concerned: ‘Will it be beneficial to all concerned if these entitlement programs eat up a third or three-quarters of all income taxes, resulting in massive cuts in our budget for national defense and homeland security or a massive increase in our national debt? Will it be beneficial to all concerned if funding these programs takes such a large share of our GDP that our economy stops growing, our debt gets out of control and the prime rate gets back to 18 percent?’”

McCrery to Head Social Security Subcommittee

Representative Jim McCrery (R-La.) has been named chairman of the House Ways and Means Subcommittee on Social Security, replacing Representative Clay Shaw, who was term-limited. McCrery, who has been a supporter of individual accounts, will be in a key position as the Social Security debate unfolds.

Publications

The December 2004 edition of the Social Security Administration's *International Update* is available [here](#). Included this month are updates on pension issues in the Netherlands, the U.K., and Peru, as well as a Latin American totalization agreement and a UN report on immigration.

The Social Security Administration has also released a policy brief, “The Distributional Consequences of a ‘No-Action’ Scenario,” which examines how the poverty rate among seniors would change if Social Security is left unreformed. The brief is available in PDF format [here](#).

Events

The Center for American Progress will hold a policy forum entitled “Progressive Approaches to Social Security Reform” on Monday, January 10, 2005, from 12 to 2 pm. Panelists include Dr. Dean Baker, Gene Sperling, and Dr. Jason Furman. For more information and to register, click [here](#).

The Committee for a Responsible Federal Budget at the New America Foundation will host a policy discussion entitled “Social Security Reform: Policy, Politics, and Media Perspectives.” Featured speakers include the Hon. Douglas Holtz-Eakin (Director,

Congressional Budget Office), the Hon. Charlie Stenholm (former member of Congress, D-TX), and David Wessel of the *Wall Street Journal*. The forum will be held on Tuesday, January 11, 2005, from 2:00 to 3:45 pm at the New America Foundation (1630 Connecticut Avenue, NW, 7th Floor Washington, D.C.). RSVP to 202-986-6599 or to Diane Paulitz at crfb@newamerica.net.

The Cato Institute will hold a two-day conference on Social Security on February 8–9, 2005. Confirmed speakers include Nobel Laureate Edward Prescott, as well as Lea Abdnor, Andrew Biggs, Robert Bixby, Jesse Brown, Robert de Posada, Martin Feldstein, Jagadeesh Gokhale, Stephen Goss, Douglas Holtz-Eakin, Rep. Sam Johnson (R-TX), Rep. Jim Kolbe (R-AZ), Maya MacGuineas, Thomas Saving, Kent Smetters, and Michael Tanner, among others. For more information or to register, click [here](#).

Job Opening

Project Manager: Cato's Project on Social Security Choice is looking for a project manager to coordinate and implement its communications, administrative, and outreach efforts. Successful candidates should have outstanding oral and written communication skills. Public relations, campaign management, or grassroots activism experience is highly desirable, as is knowledge of the current debate over Social Security reform. The job involves designing and managing strategies for communicating Cato's message on Social Security reform to specific target audiences, community activists, and the general public. Responsibilities include arranging speaking engagements for Cato scholars, writing press releases, managing the content of Cato's Social Security website, creating Social Security materials and managing their distribution, designing paid advertising campaigns, coordination with other groups interested in Social Security reform, ensuring interdepartmental coordination and communication particularly with the communications and government affairs departments, and other public relations, administrative, and media-related duties. Submit résumé and writing samples to Michael Tanner, Cato Institute, 1000 Massachusetts Ave. NW, Washington D.C. 20001, or to mtanner@cato.org.

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